

Message Text

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ACTION PM-05

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-07 NSAE-00
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CINCEUR
AMCONSUL ISTANBUL

C O N F I D E N T I A L ANKARA 6180

ISTANBUL FOR AMBASSADOR SPIERS

E.O. 11652: GDS
TAGS: MASS, NATO, TU
SUBJECT: NAMSA FMS SALES TO TURKEY

REF: STATE 193415 (DTG 153205Z AUG 77) (NOTAL)

1. USG DECISION TO COUNT NAMSA "BROKERAGE" SALES TO TURKEY AGAINST ANNUAL FMS CEILING PER REFTEL WILL BE DIFFICULT FOR TURKS TO ACCEPT. IT WILL ADD TO GRIEVANCES SURROUNDING APPLICATION OF US CONGRESSIONAL ARMS TRANSFER RESTRICTIONS AND THE GENERAL DETERIORATION OF US-TURKISH POLITICAL AND DEFENSE RELATIONSHIPS. USG WILL ALSO UNDOUBTEDLY BE ACCUSED OF "APPLYING PRESSURE" ON NATO, AN INTERNATIONAL ORGANIZATION, TO BOW TO US "EMBARGO" WHICH IN TURKISH VIEW HAS IMPAIRED TURKISH MILITARY PARTICIPATION IN NATO. THIS NEW USG ACTION WILL, WE BELIEVE, ADD NEW IMPETUS TO TURKISH REASSESSMENT OF UTILITY OF ITS ITES TO NATO AND ITS WESTERN ORIENTATION IN GENERAL. ALSO, WE EXPECT TURKS WILL

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CHARGE THAT NEW USG PROCEDURES RE NAMSA SALES RUNS COUNTER TO STATED USG POLICIES IN NATO TO IMPROVE FORCE READINESS AND TO DEVELOP COMMON PROCUREMENT AND OTHER COOPERATIVE PROGRAMS RELATED TO NATO STANDARD EQUIPMENT.

2. FOR THESE REASONS, IT WOULD BE DESIRABLE TO CLARIFY FOLLOWING ISSUES BEFORE MAKING OUR APPROACH TO THE GOT ON THE NAMSA PROBLEM:

A. IS IT CORRECT THAT FMS "BROKERAGE" SALES BY NAMSA TO TURKEY ARE THOSE FOR WHICH SPECIAL ORDERS ARE PLACED WITH USG ON GOT'S BEHALF FOR ITEMS NOT REGULARLY STOCKED BY NAMSA OR NOT SUBJECT TO COMMON PROCUREMENT FOR OTHER NAMSA CONSUMERS? IF SO, CAN WE TELL THE TURKS THAT NAMSA HAS AGREED TO IDENTIFY SUCH "BROKERAGE" SALES AS SPECIFICALLY TURKISH AND THAT WE WILL ONLY BE MONITORING NAMSA SALES ON WASHINGTON END?

B. REFTEL IMPLIES THAT CHARGEABILITY OF "BROKERAGE" PURCHASE BY GOT AGAINST FMS CEILING WILL BE MADE IN FISCAL YEAR THAT NAMSA LOA IS SIGNED WITH USG RATHER THAN YEAR IN WHICH ITEMS ARE DELIVERED AND/OR BILLED (THE LATTER BEING DIFFICULT IF NOT IMPOSSIBLE TO ADMINISTER). ALSO, CAN WE ASSUME THAT THIS NEW PROCEDURE WILL BECOME EFFECTIVE AGAINST THE FY 78 \$175 MILLION CEILING FOR NAMSA FMS LOA'S CONCLUDED COMMENCING IN FY 78?

C. IMPRESSION CONVEYED IN REFTEL IS THAT TURKS WILL BE GIVEN CHOICE, I.E. GOT CAN GO FMS "BROKERAGE" THROUGH NAMSA AND THAT COST WOULD BE APPLIED AGAINST THEIR FMS CEILING OR HAVE NAMSA PROCURE MATERIAL THROUGH COMMERCIAL SOURCES (IF ITEMS ARE AVAILABLE COMMERCIALY). HOWEVER, FOR THE FOLLOWING TWO REASONS, AN FMS "BROKEARGE" CASE THROUGH NAMSA WOULD NOT BE A VIABLE OPTION FOR GOT:

(1) IF PRESIDENTIAL DETERMINATION FOR UTILIZATION OF FMS FUNDS IS SUBMITTED SO THAT GOT LOAS CAN BE CONCLUDED EARLY IN THE FISCAL YEAR, FMS FUNDS WILL ALREADY HAVE BEEN CONFIDENTIAL

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COMMITTED TO TURKISH ARMED SERVICES FOR SPECIFIC PURCHASES. FOR EXAMPLE, THE GOT HAS ALREADY EARMARKED ALL OF THEIR FY 78 FMS CREDITS IN DIRECT FMS DEALING WITH THE USG.

(2) IT WILL DENY GOT FUL USE OF FMS CREDITS AS DETERMINED NECESSARY BY THE PRESIDENT AND AGREED TO BY CONGRESS. IN HANDLING A FMS "BROKERAGE" CASE FOR TOG, NAMSA WOULD PROCURE FROM THE USG BY USING ITS OWN FUNDS/CREDIT AND THEN BILL THE GOT. THEREFORE, FOR EACH DOLLAR HANDLED THROUGH NAMSA, THE GOT WOULD NOT ONLY REALIZE A CORRESPONDING REDUCTION IN FMS CREDITS, BUT WOULD HAVE TO USE THEIR NATIONAL FUNDS IN PAYMENT RATHER THAN FMS CREDIT MANEY--SINCE FMS CREDITS CAN ONLY BE USED IN CONTRACTING DIRECTLY WITH USG.

D. DO WE INTEND TO INFORM OTHER NATO ALLIES OF NEW PROCEDURE REGARDING NAMSA SALES TO TURKEY? WE RECOMMEND THAT DEPARTMENT CONSIDER LOW-KEY NOTIFICATIONS TO ALERT OTHER ALLIES WHO MAY BE SUBJECTED TO TURKISH PRESSURES REGARDING US ACTION. WE ALSO SUGGEST THAT DEPARTMENR REVIEW NEW PROCEDURE WITH TURKISH EMBASSY TO ENSURE THERE IS COMPLETE UNDERSTANDING ON ALL SIDES.

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Control Number: n/a
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Sent Date: 18-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Errors: N/A
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